

The Riverside Group Limited - Report of Committees and Subsidiary Boards (July-September 2018)

Governance and Remuneration Committee (12/07/18)

Key business and decisions

- Noted Membership update
- Approved Board Finance Lead role description
- Reviewed outcomes of Board Appraisals
- Noted update on Impact Board recruitment
- Approved changes to Pensions Tax Allowance for recommendation to Board

Matters for noting

The Committee confirmed the role profile for the Finance Lead on Group Board and supported the focus on Treasury experience. It authorised the Director of Governance and Legal to select a preferred supplier to undertake the recruitment and explore possible efficiencies through 'bundling' the work with other group recruitment.

Having reviewed the outcome of group appraisals carried out in the year, the Committee agreed a number of actions in response to findings including 360 appraisals for Evolve, Prospect and Irvine in 2019. The group appraisal report is provided to the Board at item 23. The Committee was pleased to note that the NSC 360 appraisal exercise had been positive, and had resulted in some tangible objectives which were being progressed.

It was agreed that the triennial review of leadership pay would be postponed to 2019 in light of the ongoing transformation work.

Recommendations

- To recommend to the Board that Pensions Tax Allowance be reduced from 15% to 12% with effect from 1 November 2018. This is the subject of item 20.

Impact Housing Association (22/08/18, 17/09/18)

Key business and decisions

- Received a Green Paper update
- Considered Customer Experience approach and approved the Tenant Engagement Strategy
- Appointed Board Chair
- Adopted Governance Framework Document
- Reviewed progress made with integration and new governance arrangements

Matters for noting

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The Board reflected on Day 1 as part of the Riverside Group, integration and transitional board arrangements in place. The Board was pleased with the position reached, forward plans and governance arrangements and approved adoption of the Group's Governance Framework Document. The Board also approved the Intra Group Agreement, and highlighted the setting up of the new Project Board, which would report to the Board on integration.

The Board discussed the Customer experience approach and approved the tenant engagement strategy, and agreed that it would look strategically at the Association's approach to tenants being involved in Strategy.

Mark Costello was approved as transitional Board Chair for a period of up to 6 months, and it was noted that progress was going well for the new Board Chair who, together with potential board members, would be invited to the next Board meeting in November 2018. The Board appointed Bryonie Shaw as MD and noted the new operational structure. KPMG was appointed as external auditor.

A number of matters relating to Risk were discussed and approved in relation to the pension scheme, property compliance and Health & Safety.

Recommendations

None.

Riverside Care & Support Committee (26/07/18)

Key business and decisions

- Took part in a workshop on the Hull Extra Care model and a summary of the contractual requirements
- Approved Regional Delivery Plans
- Noted performance reports on operations, finance, HR and business development
- Noted Audit, compliance and risk reports
- Reviewed outcomes of the STAR Survey and Customer Feedback
- Noted an update on Retirement Living at Home programme

Matters for noting

Concern was expressed at a recent major IT incident which impacted on Helpline services for a period of time. The Committee was assured that, during the period, no accidents or incidents arose, and that the staff response was effective. A report exploring the causes and lessons learnt would be received in November.

The increase being seen in tenders for homeless housing was highlighted, reflecting the increasing focus on homelessness at Government level. It was noted that this, to some degree, validated the strategic decision taken to focus C&S growth in the area of homeless service provisions and older persons care.

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The Committee received a presentation on the Hull Extra Care model and contractual requirements to support its undertaking of governance responsibilities for the Schemes from Riverside Estuary, a transition which was now complete.

The Committee noted the outcome of an audit on Health and Safety procedures, which had resulted in a Grade 1 recommendation. The committee was content with actions being taken. However, they reminded the executive that it had responsibility for supporting staff by streamlining processes, encouraging a culture of personal responsibility, providing leadership and ensuring robust management and scrutiny. It was agreed that an update on progress made in addressing the issues would be provided before the next meeting in November.

Recommendations

None.

Neighbourhood Services Committee (04/10/18)

Key business and decisions (to be taken)

- Approved a Formal Customer Involvement Strategy
- Noted audit, compliance and risk reports
- Noted a Universal Credit Update
- Reviewed a presentation on Riverside Foundation Social Purpose Impact
- Reviewed the Income Collection Improvement Plan

Matters for noting

Due to the timing of meetings, the Committee Chair will provide a verbal update to the Board meeting.

Recommendations

None.

Group Audit Committee (20/09/18)

Key business and decisions

- Noted the Risk Register Refresh.
- Approved the Risk Management Policy: Triennial Review
- Examined the Internal Audit Highlights Report
- Considered the annual Review of Internal Audit
- Considered the annual Review of External Audit Performance

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- Approved an update to the 2018/19 Audit Plan
- Noted the matters reported from the Group Treasury Committee (see GTC below)

Matters for noting

The Committee examined the Risk Register report following consideration by Group Board at the Strategy Day on 13/09/18, raised the possibility of there being 'unknown unknowns' and received assurance that, following review by Campbell Tickell, all relevant sector risks had been covered. Having discussed the Risk Register in detail, Members agreed progress to the next stage which would capture the key controls and mitigation actions.

The Committee discussed the Risk Management Policy: Triennial Review, noted that no significant changes had been made, but that it did include some recent developments (e.g. The Golden Rules) and approved the policy for recommendation to Group Board.

The new internal audits carried out were examined, focussing on those with Grade 1 recommendations. After lengthy discussion, it was agreed that the way the definition of Grade 1 is articulated would be reviewed and more information provided to explain why an issue had been classified as Grade 1.

An update to the Internal Audit Plan to include Impact Housing Association Ltd was agreed, and members considered the Annual Reviews of both the Internal and External Audit functions. It was noted that the year-end External Audit had taken longer than planned due to staff changes within the Finance team, and new standards on the accounting of financial instruments so that the audit planning process would be reviewed by both KPMG and the Finance team for next year. It was highlighted that working relationships with the External Auditor (KPMG) were positive.

Recommendation

- To approve the Risk Management Policy: Triennial Review. This is the subject of agenda item 17.

London Development Committee (18/07/18, 19/09/18)

Key business and decisions

- Received a Local Partnerships update report on progress with recommendations
- Discussed Joint Venture Objectives, Principles and Management
- Action Plans to address Housing Management issues in Lambeth, Pike Close and Calverley Close were being developed and implementation a priority
- Ballot updates in respect of timing and requirements in Lambeth, Pike Close, Calverley Close, Newham and Southward discussed

Matters for noting

Local Partnerships update report on progress with plans and actions put in place to respond to their 4 recommendations. Recommendations included a Capability and Capacity review, [REDACTED] and would be presented to the next meeting.

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Ballot Update in July and additional LDC meeting in September meeting considered ballot issues only. LDC noted the ballot timetable across the relevant sites, and authorised the CFO to approve the final content of the draft offer to Lambeth. [REDACTED]

In response to an update on the Ballot programme, LDC agreed that it supported the principles of ongoing engagement with residents and ensuring their opinions are considered. Responses would help LDC consider the resident opinions prior to developing scheme proposals further, balanced with Riverside's objectives in relation to meeting unmet housing needs. The Committee noted actions being taken to resolve estate management issues and agreed that this must be a priority [REDACTED]

Recommendations

None.

Evolve Facilities Limited Board (19/09/18)

Key business and decisions

- Received an update on the Riverside Direct (RD) Division which had been operational for 2 months
- Received a briefing on the TOM for Asset Services and impact on the Company
- Discussed changes to the Planned and Responsive Repairs Programmes, particularly in the Liverpool City Region (LCR) and impact on financial position
- Approved a series of performance monitoring reports on Finances, HR Matters, the Gas Department and Health, Safety & Training
- Received an update on the E&D Action Plan for the previous year and approved the E&D Plan for 2018/19
- Reviewed the Risk Map

Matters for noting

The arrangements for payment to and recovery from the Group of RD staff salaries were noted and assurance given that RD's KPI performance was being maintained. It was highlighted that the work to set up RD had been challenging in the context of the TOM.

The key areas of change to the Group's Asset Services arising from the TOM were discussed, including that the Company would be delivering end to end repairs under the new model, so that 53 new roles would be created within the Company. The biggest change was to the Office function where a Business Performance Manager and supporting posts would be established.

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A number of issues in delivering the Planned Works and Responsive Repairs programmes, particularly in LCR, the Company's largest operating area were discussed in detail, which included not being able to access properties and the commercial impact of high volume, low value works. It was noted that the position with the Planned Works programme would be clearer when the TOM concludes in November 2018.

Recommendations

None.

Prospect (GB) Limited Board (22/08/18)

Key business and decisions

- Noted the Managing Director's Report
- Discussed the Management Accounts for the Period Ending 31 July 2018
- Noted the Risk Register
- Approved the next steps for Prospect Equity Loans

Matters for noting

The Board received a comprehensive and detailed Managing Director's report under the following headings: Land; Technical; Commercial; Construction; and Sales & Marketing and, after discussion requested a change to the report format for future meetings to provide a summary of the main 12 cost heads movement for each site.

It was noted that valuations had been carried out on all current sites based on costs as at the end of May 2018, and including the latest sales revenue. In terms of costs, there were no major variations, although the Alsager sales rates remained a concern and would be closely monitored.

The Board discussed an issue identified in respect of interest rate charging on the equity loans provided by the Company, noted that initial legal advice from Trowers had been taken and approved actions to address the issue, working with both Hamptons Mortgage Servicing and Trowers.

Recommendation

None

Group Treasury Committee

Key business and decisions – meeting 23/05/18 and subsequent written resolutions made in the reporting period

- Approved the position reached with Handelsbanken for Revolving Credit Facilities (RCFs) [REDACTED]
- Agreed an exception to the Treasury Policy for more than 90% fixed rate debt
- Reviewed the Retained Bond and approved:
 1. proposal for appointing book runners
 2. subsequent offer received from Barclays Trading Desk

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- Reviewed and recommended to Group Board, the Intragroup Loan Agreement between TRGL and new subsidiary, Impact HA Ltd
- Reviewed and gave support to the Operational Banking Tender proposals
- 3. action due to impact of the proceeds on the Cash Management Strategy

Matters for Noting

Members questioned and agreed a number of key negotiated points with Handelsbanken [REDACTED], as the third and final agreed lender, having previously approved the positions reached for RCFs with HSBC [REDACTED] and Barclays [REDACTED].

The Committee agreed a Treasury Policy exception due to a National Westminster plc condition that a portion of the Group's floating rate debt would become fixed with effect from 02/04/18 and, having not yet drawn down any of the new variable RCFs, a rebalancing of the fixed/floating debt mix would be expensive at this time due to break costs.

The Group had been preparing to go to the market for sale of the Retained Bond but in the interim an offer was received from Barclays Trading Desk which was competitively priced. After review, it was decided 1) to sell to the bidder rather than doing a full book run in September 2018 and 2) approve an increase in the Treasury Policy limit [REDACTED] until 31/03/19 when the Group's Cash Management Strategy would be reviewed as part of the annual Treasury Policy and Strategy review.

Recommendation

- Approved the intragroup Loan Agreement with Impact (by written resolution)

Irvine Housing Association (22/08/18, 25/09/18)

Key business and decisions

- Approved Future Governance Structure Report
- Approved the Adult Support and Protection and Child Protection Policies
- Approved the removal of 28 members in accordance with Rule 15
- Approved the OSCR Annual Return
- Approved the content of the 2018 Whole Board Appraisal Action Plan
- Managing Director's Report

Matters for noting

Progression towards completion of outstanding actions within the 2017 Whole Board Appraisal Action Plan was noted.

The financial performance to date and operational performance KPIs were discussed in detail, specifically rent arrears recovery and the impact of Universal Credit together with steps being taken by the Association to address the situation.

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An update on the progression towards refinancing of IHA's loan facility was received and the Board noted the Association's position in terms of the signed office lease and the progression of the Tarryholme development site.

Having noted the update provided regarding the bid to be submitted to Wishaw and District HA, the Board agreed the approach to be taken with the first stage bid and delegated authority to the Managing Director to make the submission.

Recommendations

None.

Pension Trustees (19/07/18, 17/09/18 & 27/09/18)

Key business and decisions

'Hot Topics': Investment Strategy; and Member Communication

Investment Matters

Actuarial Matters: Updates for 2017/18 and the quarter to June 2018

Governance Matters

Employer Covenant Reports

Member Matters

Matters for Noting

The results of 2017/18 Actuarial Update and period since March 2018 were summarised, options discussed and actions agreed for long term funding targets.

The Board noted as part of the Employer Covenant Reports that Impact would join the Group in August 2018.

The Board approved the Company's Financial Statements and, following the resignation of Paul Feeney, approved the appointment of Janet Richardson as Member Nominated Director from 17/09/18 for a period of six years, the appointment to be ratified by the GRC at its meeting on 10/10/18.

Recommendations

None